



Questions and Answers about the Notice of Funding Availability (NOFA)

1. Can staff provide insight into the suitability of individual sites in the City?

As discussed in the NOFA, the City has identified a number of potential affordable housing sites in our Housing Element.

<http://www.fremont.gov/DocumentView.aspx?DID=856>

The NOFA also states that this list is informational and that other sites could be appropriate, and provides criteria that will be used to evaluate sites. The determination as to whether sites are good candidates based on the NOFA criteria must be made by the applicant.

2. How many projects will be funded through the NOFA?

Based on recent projects, staff anticipates that the amount of funding available will support 1-2 projects. This is staff's best estimate, but the actual number could be different based on the proposals received.

3. Would the City consider Mixed Income Projects?

Yes, with the understanding that the City/Agency would be prohibited from paying for any market rate portion of the project, including common area space.

4. Is the City still interested in seeing the old Corporation Yard site (Sequoia Road in Centerville) developed as affordable housing? Does the City plan on contributing the land for that purpose?

The City/Agency Board have indicated that they do not support the site for City-sponsored affordable housing purposes. This is due to the fact that the site would likely not qualify for and receive tax credit financing, due to its isolation from services and amenities. Instead, the City intends to hold the site off the market and sell it some time in the future when the local economy is more robust.

5. The NOFA states that only \$250,000 will be available for predevelopment costs. This amount is insufficient to pay for land acquisition. As a result, if we are awarded the funds we will have to pay carrying costs to keep development rights to the land we've identified, which will increase the cost of the project. Is this the intent of the City, or will the City release up-front the funds needed to acquire the property?

The City's typical process, which is also the process laid out in the NOFA, is to provide funding in phases. The first phase is a small allowance for predevelopment activities. If, after due diligence activities, the funded affordable housing developer demonstrates that the project is viable and other funding sources are identified and in the process of being secured, the City would seek City Council/Agency Board approval to enter into a loan agreement for the remaining funds. Our interest is insuring that the funded affordable housing developer doesn't use City funds to purchase property only to discover that they can't complete the project.

6. Can a developer option any City or Agency land, such as the City's former Corporation Yard site at 37350 Sequoia Road, or the Centerville Unified Site at 37070, 37120, 37156, 37196, and 37222 Fremont Boulevard?

No – Site control is a key requirement to participate in the NOFA process.

Proposals without site control will not be given serious consideration. Regarding City property, prior to optioning any property, the City Council would need to take formal action to approve any land sale. There is no time for such action prior to the NOFA deadline. Regarding Agency property, the Agency is prohibited from executing any new contracts until resolution of the Supreme Court case.

7. How would the City/Agency propose to structure commercial uses if a part of the project?

The Agency encourages commercial use as long as it is commercial space that is integral to the project. Ideally, it would be structured on a long term ground lease rather than sold as commercial condominium.

8. How much should be budgeted for the Compliance Monitoring Fee? What is the City's current investment rate to be used as the discount rate for present value purposes of this fee?

For simplicity, we suggest using the figure of \$250,000.

9. Has City/Agency staff seen any narrowing of the subsidy gap between 9%, competitive, and 4%, non-competitive, tax credit deals?

We have no first hand experience at this time, but anecdotal evidence suggests that the de facto requirements for the amount of City/Agency investment per unit are much closer than in the past. This is due to TCAC's use of local financial participation as a tiebreaker.

10. Are a property appraisal and Phase I environmental assessment necessary at the time of proposal submittal?

It is likely the City will receive proposals with varying degrees of completeness.